

NOTHING IN THIS SUBTITLE MAY PROHIBIT ANY HEALTH MAINTENANCE ORGANIZATION FROM MEETING THE REQUIREMENTS OF ANY FEDERAL LAW WHICH WOULD AUTHORIZE THE HEALTH MAINTENANCE ORGANIZATION TO RECEIVE FEDERAL FINANCIAL ASSISTANCE OR TO ENROLL BENEFICIARIES ASSISTED BY FEDERAL FUNDS.

SECTION 2. AND BE IT FURTHER ENACTED, That Sections 135(1) and 136(b) of Article 81 - Revenue and Taxes, of the Annotated Code of Maryland (1969 Replacement Volume and 1974 Supplement) be and they are hereby repealed and re-enacted, with amendments, to read as follows:

Article 81 - Revenue and Taxes

135.

As used in this article:

(1) The phrase "insurance company" means (a) every person engaged as principal in the business of writing insurance, surety, guaranty or annuity contracts (except nonprofit hospital service plan corporations and fraternal [beneficiary associations] BENEFIT SOCIETIES, AS DEFINED BY ARTICLE 48A OF THIS CODE; AND HEALTH MAINTENANCE ORGANIZATIONS AUTHORIZED IN ACCORDANCE WITH ARTICLE 43 OF THIS CODE) and includes mutual insurance companies, title insurance companies, the Maryland Automobile Insurance Fund and credit indemnity companies, and (b) attorneys in fact for reciprocal exchanges or interinsurers.

136.

(b) In computing the tax on premiums hereby imposed the following deductions from gross direct premiums allocable to this State shall be allowed, but only to the extent they are properly allocable to premiums taxable hereunder: (1) Returned premiums (not including surrender values); (2) dividends paid or credited to policyholders, or applied to purchase additional insurance or to shorten the premium paying period [and]; (3) returns or refunds made or credited to policyholders because of retrospective ratings or safe driver rewards[.]; AND (4) PREMIUMS RECEIVED BY AN INSURANCE COMPANY UNDER POLICIES PROVIDING HEALTH MAINTENANCE ORGANIZATION BENEFITS TO THE EXTENT OF THE AMOUNTS ACTUALLY PAID BY THE INSURANCE COMPANY TO A NONPROFIT HEALTH MAINTENANCE ORGANIZATION AUTHORIZED UNDER ARTICLE 43 OF THIS CODE OPERATING SOLELY AS A HEALTH MAINTENANCE ORGANIZATION WHICH IS EXEMPT FROM TAXES UNDER SUBSECTION 856 (B) OF ARTICLE 43 OF THIS CODE, OR TO THE EXTENT THE PREMIUMS HAVE BEEN PAID BY A HEALTH